

LAGRANGE TOWNSHIP  
Cass County, Michigan

AUDITED FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2005

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>LaGrange Township</b>	County <b>Cass</b>
Audit Date <b>6/30/05</b>	Opinion Date <b>8/31/05</b>	Date Accountant Report Submitted to State: <b>11/4/05</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- |   |   |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Post, Smythe, Lutz, and Ziel, LLP</b>			
Street Address <b>1034 West Ann Arbor Trail</b>		City <b>Plymouth</b>	State <b>MI</b>
Accountant Signature <i>Dan R. Wells CPA</i>		ZIP <b>48170</b>	Date <b>11.2.05</b>

LAGRANGE TOWNSHIP  
For the Year Ended June 30, 2005

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FINANCIAL SECTION

# POST, SMYTHE, LUTZ AND ZIEL LLP

*Certified Public Accountants*

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### Independent Auditor's Report

August 31, 2005

To the Board of Trustees  
LaGrange Township  
Cass County, Michigan

We have audited the accompanying financial statements of the governmental activities, and each major fund, of LaGrange Township, Michigan as of and for the year ended June 30, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of LaGrange Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.


In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of LaGrange Township as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Board of Trustees  
LaGrange Township

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise LaGrange Township's basic financial statements. The accompanying required supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The required supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully,



POST, SMYTHE, LUTZ and ZIEL LLP  
Certified Public Accountants

## Management's Discussion and Analysis

As management of LaGrange Township, we offer readers of LaGrange Township's financial statements this narrative overview and analysis of the financial activities of LaGrange Township for the fiscal year ended June 30, 2005.

### Financial Highlights

- The assets of LaGrange Township exceeded its liabilities at the close of the most recent fiscal year by \$766,812 (*net assets*). Of this amount, \$487,647 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, LaGrange Township's governmental funds reported combined ending fund balances of \$558,746, an increase of \$55,516 in comparison with the prior year. Approximately 87% of this total amount, \$487,647 is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$296,928, or 146 percent of total general fund expenditures.
- LaGrange Township's total non-current liabilities decreased by \$106,937 (21 percent) during the current fiscal year.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to LaGrange Township's basic financial statements. LaGrange Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of LaGrange Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of LaGrange Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of LaGrange Township is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of LaGrange Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of LaGrange Township include general government, public safety, public works and other activities. The Township has no business-type activities.

The government-wide financial statements can be found on pages 9 and 10 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. LaGrange Township, like other state and local governments, used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of LaGrange Township can be divided into two categories: governmental funds and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

LaGrange Township maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Community Development, Emergency Services, and C.A.U.A. Special Assessment Debt Service Funds which are considered to be major funds.

LaGrange Township adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for the general fund and the special revenue funds to demonstrate compliance with this budget.



**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support LaGrange Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 14 and 15 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16-29 of this report.

### Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of LaGrange Township, assets exceeded liabilities by \$766,812 at the close of the most recent fiscal year.

	Governmental	
	2005	2004
Current and Other Assets	\$ 896,382	\$ 916,526
Capital Assets	603,362	663,925
Total Assets	1,499,744	1,580,451
Long-term Liabilities	395,296	502,233
Other Liabilities	337,636	413,296
Total Liabilities	732,932	915,529
Net Assets:		
Invested in Capital Assets		
net of related debt	208,066	161,692
Restricted	71,099	70,299
Unrestricted	487,647	432,931
Total Net Assets	\$ 766,812	\$ 664,922

A significant portion of LaGrange Township's net assets (27 percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. LaGrange Township used these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although LaGrange Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of LaGrange Township's net assets (9.3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining, and largest portion of *unrestricted net assets* (\$487,647) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, LaGrange Township is able to report positive balances in all three categories of net assets. The same situation held true for the prior fiscal year.

The government's net assets increased by \$101,890 during the current fiscal year as shown in the table below.

	Governmental Activities	
	2005	2004
Program Revenues:		
Charges for Services	\$ 113,023	\$ 111,122
Operating Grants & Contributions	47,746	7,577
General Revenues:		
Property Taxes	220,034	209,038
State Shared Revenues	106,685	110,764
Unrestricted Investment Earnings	10,725	5,710
Total Revenues	<u>498,213</u>	<u>444,211</u>
Program Expenses		
General Government	137,092	124,800
Public Safety	127,935	140,995
Public Works	105,581	115,172
Other	14,308	14,193
Interest on Long-Term Debt	11,407	13,258
Total Expenses	<u>396,323</u>	<u>408,418</u>
Change in Net Assets	<u>\$ 101,890</u>	<u>\$ 35,793</u>

**Governmental activities.** Governmental activities increased LaGrange Township's net assets by \$101,890 due to the fact that revenues exceeded expenses for current activities, and no unusual or non-recurring costs were incurred.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

### Financial Analysis of the Government's Funds

As noted earlier, LaGrange Township used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of LaGrange Township's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing LaGrange Township's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, LaGrange Township's governmental funds reported combined ending fund balances of \$558,746, an increase of \$55,516 in comparison with the prior year. Approximately 87% of this total amount (\$487,647) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to pay debt service (\$71,099).

The general fund is the chief operating fund of LaGrange Township. At the end of the current fiscal year, unreserved fund balance of the general fund and the total fund balance was \$296,928. Unreserved fund balance represents 146 percent of total general fund expenditures.

The fund balance of LaGrange Township's general fund increased by \$31,069 during the current fiscal year, as revenues exceed operating expenses and there were no significant capital expenditures.

#### **General Fund Budgetary Highlights**

Differences between the original expenditure budget and the final amended expenditure budget were \$4,574, and represented minor changes to the original spending plan.

#### **Capital Asset and Debt Administration**

**Capital assets.** LaGrange Township's investment in capital assets for its governmental activities as of June 30, 2005, amounts to \$603,362 (net of accumulated depreciation). This investment in capital assets includes land, buildings, sewer improvements, and equipment. No major capital asset events occurred during the current fiscal year.

Details to the Township's capital assets are continued in the notes to the financial statements on page 24.

**Long-term debt.** At the end of the current fiscal year, LaGrange Township had total long term debt outstanding of \$395,296, all of which comprises debt backed by the full faith and credit of the government. Additional information on LaGrange Township's long-term debt can be found in note IV.D. on pages 25 and 26.

## **Economic Factors and Next Year's Budgets and Rates**

The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget means further reductions in state shared revenues. State shared revenues are expected to decrease again in the 2006 fiscal year. LaGrange Township budgeted for a decrease in state shared revenue, but additional cuts have already been made and more cuts are expected before the end of the fiscal year. LaGrange Township's millage rate was reduced again by the Headlee Amendment rollback for general operating purposes. These factors were considered in preparing LaGrange Township's budget for the 2006 fiscal year.

## **Requests for Information**

This financial report is designed to provide a general overview of LaGrange Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the LaGrange Township Supervisor.

BASIC FINANCIAL STATEMENTS

**LAGRANGE TOWNSHIP**  
**Statement of Net Assets**  
**June 30, 2005**

	<b><u>Governmental Activities</u></b>
<b><u>ASSETS</u></b>	
Cash and Cash Equivalents	\$ 525,549
Receivables (net of allowance for uncollectibles):	
Special Assessments	301,898
Due from Other Governmental Units	19,420
Prepaid Expenditures	49,515
Capital Assets (Net of Accumulated Depreciation)	<u>603,362</u>
Total Assets	<u>1,499,744</u>
 <b><u>LIABILITIES</u></b>	
Accounts Payable	35,628
Accrued Liabilities	110
Deferred Revenue	301,898
Noncurrent Liabilities:	
Due within one year	64,881
Due in more than one year	<u>330,415</u>
Total Liabilities	<u>732,932</u>
 <b><u>NET ASSETS</u></b>	
Invested in Capital Assets, net of related debt	208,066
Restricted for:	
Debt Service	71,099
Unrestricted	<u>487,647</u>
Total Net Assets	\$ <u><u>766,812</u></u>

**LAGRANGE TOWNSHIP**  
**Statement of Activities**  
**For the Year Ended June 30, 2005**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Assets Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
<b>Primary Government:</b>				
Governmental Activities:				
General Government	\$ 137,092	\$ 35,512	\$ -	\$ (101,580)
Public Safety	127,935	3,850	-	(124,085)
Public Works	105,581	73,661	47,746	15,826
Other	14,308	-	-	(14,308)
Interest on Long-Term Debt	11,407	-	-	(11,407)
Total Governmental Activities	<u>396,323</u>	<u>113,023</u>	<u>47,746</u>	<u>(235,554)</u>

General Revenues:	
Property Taxes	220,034
State Shared Revenue	106,685
Unrestricted Investment Earnings	10,725
Total General Revenues and Transfers	<u>337,444</u>

Change in Net Assets	101,890
Net Assets - Beginning	<u>664,922</u>
Net Assets - Ending	<u>\$ 766,812</u>

**LAGRANGE TOWNSHIP**

**Balance Sheet**

**Governmental Funds**

**June 30, 2005**

	<u>General</u>	<u>Community Development Spec. Revenue</u>	<u>Emergency Services Spec. Revenue</u>	<u>C.A.U.A. Special Assess. Debt Service</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>					
Cash and Cash Equivalents	\$ 396,108	\$ 58,794	\$ -	\$ 70,647	\$ 525,549
Receivables (net of allowance for uncollectibles):					
Special Assessments	-	-	-	301,898	301,898
Due from Other Funds	-	-	82,413	452	82,865
Due from Other Governmental Units	19,420	-	-	-	19,420
Prepaid Expenditures	3	-	49,512	-	49,515
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	\$ <u>415,531</u>	\$ <u>58,794</u>	\$ <u>131,925</u>	\$ <u>372,997</u>	\$ <u>979,247</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>					
Liabilities:					
Accounts Payable	\$ 35,628	\$ -	\$ -	\$ -	\$ 35,628
Due to Other Funds	82,865	-	-	-	82,865
Accrued and Other liabilities	110	-	-	-	110
Deferred Revenue	-	-	-	301,898	301,898
Total Liabilities	<hr/> 118,603 <hr/>	<hr/> - <hr/>	<hr/> - <hr/>	<hr/> 301,898 <hr/>	<hr/> 420,501 <hr/>
Fund Balances:					
Reserved for:					
Debt Service	-	-	-	71,099	71,099
Unreserved for:					
General Fund	296,928	-	-	-	296,928
Special Revenue Funds	-	58,794	131,925	-	190,719
Total Fund Balances	<hr/> 296,928 <hr/>	<hr/> 58,794 <hr/>	<hr/> 131,925 <hr/>	<hr/> 71,099 <hr/>	<hr/> 558,746 <hr/>
Total Liabilities and Fund Balances	\$ <u>415,531</u>	\$ <u>58,794</u>	\$ <u>131,925</u>	\$ <u>372,997</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

603,362

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

(395,296)

Net Assets of Governmental Activities

\$ 766,812



**LAGRANGE TOWNSHIP**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2005**

	General	Community Development Spec. Revenue	Emergency Services Spec. Revenue	C.A.U.A. Special Assess. Debt Service	Total Governmental Funds
<b>Revenues</b>					
Property Taxes	\$ 76,729	\$ -	\$ 143,305	\$ -	\$ 220,034
Special Assessments	-	-	-	73,661	73,661
Intergovernmental:					
Federal, State and Local	109,523	-	-	-	109,523
Charges for Services	28,391	-	-	-	28,391
Interest	8,344	906	900	575	10,725
Other	10,971	-	-	44,908	55,879
Total Revenues	<u>233,958</u>	<u>906</u>	<u>144,205</u>	<u>119,144</u>	<u>498,213</u>
<b>Expenditures</b>					
Current:					
General Government	131,798	-	-	-	131,798
Public Safety	6,471	-	121,464	-	127,935
Public Works	50,312	-	-	-	50,312
Debt Service:					
Principal	-	-	-	106,937	106,937
Interest and Other Charges	-	-	-	11,407	11,407
Other	14,308	-	-	-	14,308
Total Expenditures	<u>202,889</u>	<u>-</u>	<u>121,464</u>	<u>118,344</u>	<u>442,697</u>
Excess (Deficiency) of Revenues Over Expenditures	31,069	906	22,741	800	55,516
Fund Balances - Beginning	<u>265,859</u>	<u>57,888</u>	<u>109,184</u>	<u>70,299</u>	<u>503,230</u>
Fund Balances - Ending	<u>\$ 296,928</u>	<u>\$ 58,794</u>	<u>\$ 131,925</u>	<u>\$ 71,099</u>	<u>\$ 558,746</u>

**LAGRANGE TOWNSHIP**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2005**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 55,516
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.	(60,563)
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>106,937</u>
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Change in net assets in governmental activities	\$ <u><u>101,890</u></u>
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**LAGRANGE TOWNSHIP**  
**Statement of Net Assets**  
**Fiduciary Funds**  
**June 30, 2005**

	Officials Retirement Plan	Agency Funds
<b><u>ASSETS</u></b>		
Cash	\$ -	\$ 335
Investments, at Fair Value	<u>274,265</u>	<u>-</u>
Total Assets	274,265	335
 <b><u>LIABILITIES</u></b>		
Due to Other	<u>-</u>	<u>335</u>
 Net Assets Held in Trust	 <u>\$ 274,265</u>	 <u>\$ -</u>

**LAGRANGE TOWNSHIP**  
**Statement of Changes in Net Assets**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2005**

	<u>Officials Retirement Plan</u>
<b><u>ADDITIONS</u></b>	
Investment Income:	
Earnings on Investments	\$ 18,525
Contributions:	
Employer	9,187
Employee	<u>3,063</u>
Total Additions	<u>30,775</u>
 Net Increase (Decrease)	 30,775
 Net Assets Held in Trust	
July 1	<u>243,490</u>
June 30	\$ <u><u>274,265</u></u>

LAGRANGE TOWNSHIP  
Notes to Financial Statements  
June 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

LaGrange Township operates under a Board of Trustees form of government and provides the following services as permitted by law: public safety (fire), cultural and recreation, public improvements, planning and zoning, and general administrative services.

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14, "The Financial Reporting Entity," the financial statements of LaGrange Township contain all of the Township funds and authorities for which the Township is financially accountable and the nature and significance of their relationship with the Township are such that exclusion would cause the Township's financial statements to be misleading or incomplete. Financial accountability exists if the Township appoints a voting majority of an organization's governing board, is either able to impose its will on another organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on the Township, or if an organization is fiscally dependant on the Township. Based on the foregoing criteria, the following organization is excluded from the accompanying financial statements for the reasons stated.

Cassopolis Area Utilities Authority

- \* Financed through special assessment districts in each township.
- \* LaGrange Township has no direct managerial control.
- \* Budgets are approved by the Authority Board.

The Cassopolis Area Utility Authority was created under the provisions of Act 233, Public Acts of Michigan, 1955, as amended by the Village of Cassopolis, and the Townships of Calvin, Jefferson, LaGrange and Penn, all of the County of Cass, Michigan.

The expressed purpose of the Authority is to acquire, construct, purchase, finance, own, improve, enlarge, operate, maintain, administer and manage sewage disposal systems and water supply systems in accordance with Act 233, Public Acts of Michigan, 1955, as amended.

LaGrange Township will be responsible for 24.03% of the Authority's annual debt service, which will be financed by special assessments on the benefiting property owners.

LAGRANGE TOWNSHIP  
Notes to Financial Statements  
June 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

LAGRANGE TOWNSHIP  
Notes to Financial Statements  
June 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

Governmental Funds

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Community Development Special Revenue Fund-established to account for grant revenue, program income, and expenditures of the Community Development Block Grant Small Cities Program.

Emergency Services Special Revenue Fund-used to account for the collection of the specific voter approved tax levies for fire fighting and ambulance services.

Cassopolis Area Utilities Authority Sewer Special Assessment Debt Service Fund-established to account for the special assessment collection and debt service payments on the Township's share of the sewer project debt.

Fiduciary Funds

Fiduciary Funds account for assets held by the government in a trustee capacity or as an agent on behalf of others. Fiduciary Funds include the following fund types:

Pension Trust Fund-accounts for the activities of the Officials Retirement Plan, which accumulates resources for the pension benefits payments to elected officials.

The agency funds are used to account for assets that the government holds for others in an agency capacity. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

LAGRANGE TOWNSHIP  
Notes to Financial Statements  
June 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued

Restricted Resources

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as needed.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the Township to invest in obligations of the U.S. Treasury, commercial paper of certain investment grades, and deposits of Michigan commercial banks.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. non-current portion of interfund loans).

3. Capital Assets

Capital assets, (which include property, plant, equipment, and infrastructure), are reported in the governmental columns in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.



LAGRANGE TOWNSHIP  
Notes to Financial Statements  
June 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Assets, Liabilities and Net Assets or Equity – Continued

3. Capital Assets – Continued

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	15-30
Equipment	5-20
Infrastructure	15-30

4. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the Statement of Net Assets.

5. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net assets - governmental activities* as

LAGRANGE TOWNSHIP  
Notes to Financial Statements  
June 30, 2005

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS -  
Continued

A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Statement of Net Assets - Continued

reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$395,296 difference is as follows:

Contract Debt (Special Assessment)	<u>\$395,296</u>
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B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$(60,563) difference is as follows:

Depreciation Expense	<u>\$(60,563)</u>
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Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$106,937 difference are as follows:

Principal Repayments	<u>\$106,937</u>
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LAGRANGE TOWNSHIP  
Notes to Financial Statements  
June 30, 2005

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Township is legally subject to the budgetary control requirements of the State of Michigan P.A. 621 of 1978 (Uniform Budgeting Act). The following is a summary of the requirements of this act:

1. Budgets must be adopted for the General and Special Revenue Funds.
2. Budgets must be balanced.
3. Budgets must be amended as necessary.
4. Public hearings must be held prior to adoption.
5. Expenditures cannot exceed budget appropriations.
6. Expenditures must be authorized by a budget appropriation prior to being incurred.

The Township follows these procedures in establishing the budgetary data reflected in these financial statements:

1. In accordance with State law, prior to June 30, the Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and means of financing them for the upcoming year. Detail line item budgets are included for administrative control. The level of control for the detail budgets is at the department level.
2. Public hearings are conducted at the Township Hall to obtain taxpayer comments.
3. Prior to June 30, the budgets are legally enacted at the activity level for the General Fund and at the total fund expenditure level for the Special Revenue Funds through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year for all budgetary funds.
5. Budget appropriations lapse at year end.
6. The Township does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds.
7. Budgeted amounts are reported as originally adopted, or as amended by the Township Board.

LAGRANGE TOWNSHIP  
Notes to Financial Statements  
June 30, 2005

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

B. Compliance with P.A. 621 of 1978

1. Deficit Fund Balance

The Township had no accumulated deficits at June 30, 2005.

2. Excess of Expenditures Over Appropriations in Budgetary Funds

The budget for the General Fund is adopted at the activity level and the budgets for the Special Revenue Funds are adopted at the fund level. Expenditures in excess of budget appropriations are as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Excess Expenditures Over Appropriations</u>
General Fund: Elections	\$ 5,600	\$ 7,712	\$2,112

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The following information, as required by the Governmental Accounting Standards Board Statement number 40 is presented, regarding the Township's deposits and investments:

Custodial Credit Risk is the risk that in the event of a bank failure, the Township's deposits may not be recovered. Neither State law nor the Township's investment policy requires consideration of custodial credit risk. As of June 30, 2005, the Township's book balance of its deposits and investments was \$525,784; the total book balance was \$525,884, due to \$100 in petty cash. The bank balance was \$549,143 of which \$128,488 was insured by the FDIC and the remaining \$420,655 is exposed to custodial credit risk as uninsured and uncollateralized.

Credit Risk. State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Township has no investment policy that would further limit its investment choices.

Interest Rate Risk. The Township's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Township's deposits and investments consisted of the following:

Cash-Demand Deposit Accounts	\$ 28,488
Cash-Certificates of Deposits - Less than one year	\$ 106,154
Cash-Money Market Accounts (Share price = \$1)	\$ 414,501

LAGRANGE TOWNSHIP  
Notes to Financial Statements  
June 30, 2005

IV. DETAILED NOTES ON ALL FUNDS - Continued

A. Deposits and Investments - Continued

Concentration of Credit Risk. The Township's investment policy places no limit on the amount the Township may invest in any one issuer. All of the Township's investments are with two issuers, Fifth Third Bank and GW Jones Exchange Bank.

The Township also maintains a deferred contribution pension plan, (see note V. A.), for the elected officials. The plan investments conform to state law requirements (P.A. 55 of 1982 as amended and P.A. 252 of 1988), and consist solely of retirement annuities purchased through John Hancock Financial Services:

<u>Type</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Average Credit Quality Ratings</u>	<u>Weighted Average Days to Maturity</u>
Pool Investments	<u>\$ 274,265</u>	<u>\$ 274,265</u>	N/A	N/A

Since all of the pension investments are uncollateralized and uninsured, they are subject to custodial credit risk and concentration risk, previously described.

B. Capital Assets

Capital asset activity for the year ended June 30, 2005 was as follows:

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets, not depreciated:				
Land	\$ 10,113	\$ -	\$ -	\$ 10,113
Capital Assets, being depreciated:				
Building and Improvements	46,701	-	-	46,701
Machinery and Equipment	41,992	-	-	41,992
Infrastructure	1,381,725	-	-	1,381,725
	<u>1,470,418</u>	<u>-</u>	<u>-</u>	<u>1,470,418</u>
Less: Accumulated Depreciation:				
Building and Improvements	(40,659)	(417)	-	(41,076)
Machinery and Equipment	(29,816)	(4,877)	-	(34,693)
Infrastructure	(746,131)	(55,269)	-	(801,400)
	<u>(816,606)</u>	<u>(60,563)</u>	<u>-</u>	<u>(877,169)</u>
Governmental Activities Capital Assets, net	\$ <u>663,925</u>	\$ <u>(60,563)</u>	\$ <u>-</u>	\$ <u>603,362</u>

Depreciated expense was charged to functions of the Township as follows:

General Government	\$ 5,294
Public Works	<u>55,269</u>
	<u>\$ 60,563</u>

LAGRANGE TOWNSHIP  
Notes to Financial Statements  
June 30, 2005

IV. DETAILED NOTES ON ALL FUNDS - Continued

C. Interfund Receivables and Payables

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
C.A.U.C.A. Special Assessment Debt Service Fund	General Fund	\$ 452
Emergency Service Fund	General Fund	<u>82,413</u>
Total		<u>\$82,865</u>

D. Long-Term Debt

The following is a summary of long-term debt transactions of the Township for the year ended June 30, 2005:

	<u>Balance July 1, 2004</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2005</u>	<u>Balance Within 1 Year</u>
Gov. Activities:					
Special Assessment					
Contract Debt-CAUA	\$ <u>502,233</u>	\$ <u>-</u>	\$ <u>106,937</u>	\$ <u>395,296</u>	\$ <u>64,881</u>

The following is a summary of general obligation debt outstanding of the Township as of June 30, 2005:

	<u>Number of Issues</u>	<u>Interest Rate</u>	<u>Maturing Through</u>	<u>Principal Outstanding</u>
Governmental Activities:				
Special Assessment	2	2.00%-7.4%	2010	\$ <u>395,296</u>

LAGRANGE TOWNSHIP  
Notes to Financial Statements  
June 30, 2005

IV. DETAILED NOTES ON ALL FUNDS - Continued

D. Long Term Debt - Continued

The annual debt service requirements to maturity for debt outstanding as of June 30:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 64,881	\$ 7,257
2007	66,083	5,947
2008	66,083	4,625
2009	66,083	3,304
2010	66,083	1,983
2011	66,083	661
	<u>\$ 395,296</u>	<u>\$ 23,777</u>

E. Reserved Fund Balance

A detailed description of fund balance reservations and designations (for all governmental fund types) at June 30, 2005, is presented below:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
<u>Fund Balance</u>			
Reserved For:			
Debt Service	\$ -	\$ -	\$ 71,099
Unreserved:			
Designated	26,110	-	-
Undesignated	270,818	190,719	-
Total Unreserved	<u>296,928</u>	<u>190,719</u>	<u>-</u>
Total Fund Balance	<u>\$ 296,928</u>	<u>\$ 190,719</u>	<u>\$ 71,099</u>

LAGRANGE TOWNSHIP  
Notes to Financial Statements  
June 30, 2005

IV. DETAILED NOTES ON ALL FUNDS - Continued

F. Property Taxes

Property tax assessments are determined (Tax Day) as of each December 31. Taxes are levied on December 1 of the following year. The Township collects its own property taxes along with the County and school taxes and accounts for the collection and subsequent distribution in the Tax Collection Fund. Township property taxes are recognized in the subsequent year as revenue in accordance with the guidelines of the State of Michigan.

The Township tax levy for the 2004 roll was:

<u>Purpose</u>	<u>Rate</u>
General Township	0.9122
Emergency Services	1.9326

V. OTHER INFORMATION

A. Employee Retirement Systems and Plans-Elected Officials Retirement Plan

1. Plan Description

LaGrange Township group pension plan is a single employer P.E.R.S. that administers the Township's defined contribution pension plan for its elected officials. The Township is the only non-employee contributor to the plan. Only elected officials are eligible for the plan. As of June 30, 2005 the plan's membership was 5 officials.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive.

Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account. The Plan was established by Township ordinance, which may be amended by amendment of the ordinance. As established by Township policy, all elected officials are eligible for the plan on the date of



LAGRANGE TOWNSHIP  
Notes to Financial Statements  
June 30, 2005

V. OTHER INFORMATION - Continued

A. Employee Retirement Systems and Plans-Elected Officials Retirement Plan - Continued

1. Plan Description - Continued

commencement of their employment (following election) and officials may waive participation upon written notification. Participant and employer contributions vest immediately as provided by the plan. Employer contributions are based on the officials' gross earnings in accordance with a contribution table included in the plan. Mandatory employee contributions are made on an after-tax basis at an amount equal to one third of the employer contribution. During fiscal year 2005, the following Plan contributions were made:

Employee	\$ 9,187
Employer	<u>3,063</u>
Total	<u>\$ 12,250</u>

The total plan expense including fees was \$13,299.

2. Summary of Significant Accounting Policies and Plan Asset Matters

The Township's elected officials pension plan financial statements are prepared on the accrual basis of accounting. Contributions from the Township and the Township employees are recognized as revenue in the period in which employees provide services to the Township. Investment income is recognized as earned by the pension plan. Investments in securities are valued at fair value.

All funds are invested in retirement annuities through the John Hancock Financial Services Retirement Plan sponsored by the Michigan Township Association.

There are no investments in, loans to, or leases with parties related to the pension plan.

LAGRANGE TOWNSHIP  
Notes to Financial Statements  
June 30, 2005

V. OTHER INFORMATION - Continued

B. Risk Management

LaGrange Township is a member of the Michigan Township Participating Plan for its property and casualty insurance coverage and maintains commercial insurance coverage for workers compensation, and accidental death, dismemberment and disability liabilities. The Township believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

**LAGRANGE TOWNSHIP**  
**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**For the Year Ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Revenues:				
Property Taxes	\$ 70,200	\$ 70,200	\$ 76,729	\$ 6,529
Intergovernmental - State	101,450	101,450	109,523	8,073
Charges for Services	23,555	23,555	28,391	4,836
Interest Earnings	4,763	4,763	8,344	3,581
Other Revenues	8,300	12,200	10,971	(1,229)
Total Revenues	208,268	212,168	233,958	21,790
Expenditures:				
General Government:				
Township Board	33,700	33,700	30,582	3,118
Supervisor	19,700	19,700	18,618	1,082
Elections	5,600	5,600	7,712	(2,112)
Assessor	31,700	31,700	29,057	2,643
Clerk	17,350	17,650	17,292	358
Board of Review	4,400	4,400	1,152	3,248
Deputy Clerk	2,350	2,450	1,907	543
Board of Appeals	1,000	1,589	1,564	25
Treasurer	22,000	22,100	19,352	2,748
Building and Grounds	4,000	4,000	880	3,120
Cemetery	4,000	4,000	3,682	318
	145,800	146,889	131,798	15,091
Public Safety:				
Planning	4,050	4,050	1,651	2,399
Zoning	6,400	6,400	4,820	1,580
	10,450	10,450	6,471	3,979
Public Works:				
Roads and Street Lighting	59,100	62,385	50,312	12,073
Other	16,000	16,200	14,308	1,892
Total Expenditures	231,350	235,924	202,889	33,035
Excess (Deficiency) of Revenues Over Expenditures	(23,082)	(23,756)	31,069	54,825
Fund Balance - Beginning	265,859	265,859	265,859	-
Fund Balance - Ending	\$ 242,777	\$ 242,103	\$ 296,928	\$ 54,825

**LAGRANGE TOWNSHIP**  
**Community Development Fund**  
**Statement of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2005**

	<b><u>Budgeted Amounts</u></b>			
	<b><u>Original Budget</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance with Final Budget</u></b>
Revenues- Interest Income	\$ -	\$ -	\$ 906	\$ 906
Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	-	-	906	906
Fund Balance - July 1	<u>57,888</u>	<u>57,888</u>	<u>57,888</u>	<u>-</u>
Fund Balance - June 30	\$ <u><u>57,888</u></u>	\$ <u><u>57,888</u></u>	\$ <u><u>58,794</u></u>	\$ <u><u>906</u></u>

**LAGRANGE TOWNSHIP**  
**Emergency Services Fund**  
**Statement of Revenues, Expenditures and Changes in**  
**Fund Balance - Budget and Actual**  
**For the Year Ended June 30, 2005**

	<b><u>Budgeted Amounts</u></b>			<b><u>Variance</u></b>
	<b><u>Original</u></b>	<b><u>Final</u></b>	<b><u>Actual</u></b>	<b><u>with Final</u></b>
	<b><u>Budget</u></b>	<b><u>Budget</u></b>		<b><u>Budget</u></b>
Revenues:				
Property Taxes	\$ 143,100	\$ 143,100	\$ 143,305	\$ 205
Interest Income	-	-	900	900
Total Revenues	<u>143,100</u>	<u>143,100</u>	<u>144,205</u>	<u>1,105</u>
Expenditures-Public Safety	<u>204,083</u>	<u>131,083</u>	<u>121,464</u>	<u>9,619</u>
Excess (Deficiency) of Revenues Over Expenditures	(60,983)	12,017	22,741	10,724
Fund Balance - July 1	<u>109,184</u>	<u>109,184</u>	<u>109,184</u>	<u>-</u>
Fund Balance - June 30	\$ <u><u>48,201</u></u>	\$ <u><u>121,201</u></u>	\$ <u><u>131,925</u></u>	\$ <u><u>10,724</u></u>